

Message Text

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44

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 XMB-07 H-03 AID-20 CIAE-00

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 OPIC-12 SP-03

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TO SECSTATE WASHDC 5843

INFO AMCONSUL ISTANBUL

USDOC WASHDC

UNCLAS ANKARA 6862

E.O. 11652: N/A

TAGS: EGEN, TU

SUBJECT: YSE MACHINERY AND EQUIPMENT RENEWAL PROJECT

REQUEST FOR PROJECT FINANCING

DEPARTMENT PASS EXIMBANK

REF: (A) ANKARA 6045; (B) ANKARA 6602; (C) STATE 178665;

(D) STATE 184847

1. ASAF GUVEN, DIRECTOR GENERAL , TREASURY DEPARTMENT, MINISTRY OF FINANCE, SENT LETTER TO EMBASSY AUGUST 21 REFERRING TO PREVIOUS COMMUNICATIONS WITH EMBASSY AND (A) CONFIRMED EXTENSION OF DEADLINE FOR FINAL REPLY FROM AUGUST 10 TO SEPTEMBER 10, 1974, RE U.S. (I.E., EXIM BANK) FINANCING FOR YSE MACHINERY RENEWAL PROJECT; (B) STATED THAT EXACT AMOUNT CREDIT REQUIRED TO COVER TOTAL COST OF GOODS TO BE IMPORTED FROM USA IS \$18,947,967.90; (C) STATED THAT NEITHER AMOUNT NOR TERMS OF CREDIT SHOULD BE SUBJECT TO FURTHER NEGOTIATION. AND THAT "UPON RECEIPT OF YOUR FINAL REPLY ON THE DATE MENTIONED ABOVE, PROPOSED TERMS AND CONDITIONS OF FINANCING WILL BE TAKEN INTO ACCOUNT IN THE FINAL AWARD OF CONTRACTS."

2. ON AUGUST 23 COMATT WAS INVITED ATTEND MEETING WITH ACTING

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DIRECTOR GENERAL UAMIK CIMILLI AND TOP STAFF YSE TOGETHER WITH

TURKISH AGENTS FOR WORTHINGTON CEI, INC., AND MACK TRUCKS. CIMILLI STRESSED THAT (A) YSE BUDGET DOES NOT PROVIDE FOR DOWN-PAYMENT, AND THEREFORE YSE REQUESTS U.S. FINANCING COVER 100 PERCENT OF U.S. PORTION OF PROJECT YSE HOPES BE ABLE AWARD U.S. BIDDER. (B) BID PRICES AND TERMS ALREADY SUBMITTED ARE VALID ONLY UNTIL END OF OCTOBER. THEREFORE, SEPTEMBER 10 EXTENSION FOR FINANCING OFFER IS LATEST DATE POSSIBLE IN ORDER TO PROCESS BIDS AND SIGN CONTRACTS BEFORE END OF OCTOBER. (C) YSE PRESENT EQUIPMENT POOL CONTAINS NO U.S. EQUIPMENT. YSE IS ANXIOUS BUY U.S. PRODUCTS. (D) STATE PLANNING OFFICE HAS URGED YSE TO STANDARDIZE ITS EQUIPMENT. YSE WOULD LIKE TO DO SO AN IN PROCESS WISHES BASE STANDARDIZATION ON AS MUCH U.S. EQUIPMENT AS FEASIBLE. (E) AS PART OF AGRICULTURAL REFORM PROJECT, YSE WILL BE ALLOCATED ABOUT \$8 MILLION CASH FOR CONSTRUCTION EQUIPMENT TO BE USED IN URFA AREA. TECHNICAL SPECS NOW BEING PREPARED, AND TENDERS WILL BE ISSUED RELATIVELY NEAR FUTURE. BUT DECISION FOR EQUIPMENT THIS PROJECT WILL FOLLOW STANDARDIZATION PRINCIPLE. (F) CIMILLI EMPHASIZED THAT YSE DEALS WITH SOCIAL DEVELOPMENT ASPECTS OF TURKEY AND THAT EXIM SHOULD CONSIDER GRANT-INT BEST TERMS AND GIVE YSE SPECIAL CONSIDERATION.

3. COMATT OUTLINED NEW HIGHER INTEREST RATES AND TENDER TERMS EXIMBANK NOW ADOPTING AND REVIEWED CHANGES IN EXIMBANK LEGISLATION CONTAINED IN BILL H.R. 15977 PASSED BY HOUSE OF REPRESENTATIVES. ALSO DISCUSSED DIFFICULTY EXIMBANK HAS PRESENTLY TO MAKE ANY COMMITMENT FOR LOAN TO TURKEY.

4. BECAUSE OF SERIOUS INTEREST ON PART OF MOF AND YSE TO BUY U.S. EQUIPMENT AND IN VIEW OF SEPTEMBER 10 DEADLINE FOR A LOAN COMMITMENT FROM EXIMBANK, EMBASSY WOULD APPRECIATE KNOWING IF THERE IS ANY POSSIBILITY OF EXIMBANK BEING ABLE MAKE FINANCING OFFER IN SUPPORT MACK AND WORTHINGTON EXPORT SALES TO YSE. MACOMBER

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